



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 18, 2001

S. 506

Huna Totem Corporation Land Exchange Act

*As ordered reported by the Senate Committee Energy and Natural Resources on
May 16, 2001*

CBO estimates that enacting S. 506 would have no significant impact on the federal budget. Because the bill could affect direct spending (including offsetting receipts), pay-as-you-go procedures would apply, but we estimate that any such impacts would be less than \$500,000 a year. S. 506 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no significant costs on state, local, or tribal governments.

S. 506 would direct the Secretary of Agriculture to convey the surface estate to certain federal lands in the Tongass National Forest to the Huna Totem Corporation, and also to convey the subsurface estate to such federal lands to the Sealaska Corporation. The lands to be conveyed would be selected by the two corporations from federal lands depicted on the map described in the bill and dated September 1, 1997. Under the bill, the Huna Totem Corporation and Sealaska Corporation would convey to the United States approximately 2,000 acres of surface and subsurface estate.

S. 506 does not specify the federal lands to be conveyed to the corporations, but it provides that the exchange be on the basis of equal value. Because the federal budget is on a cash basis, the budgetary impact of the land exchange is measured by its effect on the government's cash flow, such as changes in offsetting receipts from timber harvests. CBO estimates that enacting this legislation could decrease offsetting receipts to the federal government. According to the Forest Service, the agency would generally consider the area acquired from the corporation to be unsuitable for timber harvesting because it lies within the watershed and viewshed of the village of Hoonah. Some of the federal land that could be conveyed to the corporation under S. 506 currently does not generate federal timber receipts because it has recently been logged; however, a portion of the federal land that could be conveyed is not currently being harvested because it has been set aside as part of a conservation reserve under the Tongass National Forest management plan.

According to the agency, if the corporation harvested those areas following the exchange, then the agency would be obligated under the forest management plan to reserve for conservation another area of federal land within the Tongass National Forest that otherwise would be harvested under current law. We estimate that any resulting loss of timber receipts would be less than \$500,000 a year over the 2002-2011 period.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.